

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 11-  
  
v. : 18 U.S.C. §§ 1341, 1343, 1349,  
1512, and 2.  
  
THOMAS M. GRUBB, JR. : INDICTMENT

The Grand Jury in and for the District of New Jersey,  
sitting at Trenton, charges:

COUNT ONE  
(Conspiracy to Commit Mail and Wire Fraud)

1. At all times relevant to this Indictment:

a. Defendant THOMAS M. GRUBB, JR. primarily resided in Voorhees, New Jersey. Defendant GRUBB was employed by Aconorate Insurance Agency ("Aconorate") and also operated MIS Insurance Group, LLC ("MIS"), located in adjacent offices in Hammonton, New Jersey.

b. Co-Conspirator 1 ("CC-1") primarily resided in Mays Landing, New Jersey. CC-1 owned and operated Aconorate and MIS.

c. Co-conspirator 2 ("CC-2") primarily resided in Little Egg Harbor, New Jersey. CC-2 was employed by Aconorate on a part time basis from in or about April 2005 to in or about October 2005, and a full time basis from in or about November 2005 to in or about November 2006. CC-2 was hired by Aconorate

to perform information technology services.

d. Aconorate operated as an insurance brokerage agency in New Jersey, Pennsylvania and New York. In that capacity, Aconorate sold insurance to businesses, which it obtained from other insurance brokers who had a contract to sell policies directly for insurance carriers. CC-1, CC-2 and Defendant GRUBB used Aconorate to defraud businesses who purchased insurance policies (hereinafter "the Insureds"), in the manner set forth herein.

e. MIS was a limited liability company listing CC-1 as "Organizer," and utilizing an address at a UPS Store mail box in Haddonfield, New Jersey. MIS was used by CC-1 and Defendant GRUBB to establish bank accounts in its name and to pay insurance claims; MIS was not used to sell or broker insurance policies. CC-1, CC-2 and Defendant GRUBB used MIS to defraud the Insureds in the manner set forth herein.

f. GM primarily resided in Spring, Texas. GM owned and operated the following insurance brokerage firms, which sold insurance policies to businesses and other brokers located within and outside the state of Texas: G. Morgan Insurance Agency, C.T. Group Inc., and Lucent Dynamics LP. GM also conducted business through C&S Insurance Services, Inc., which was owned and operated by GM's wife KM. From in or about June 2004 through in or about November 2005, GM sold false and fraudulent insurance

policies on behalf of the following purported insurance carriers, via Aconorate:

(i). Prime Insurance Syndicate ("Prime") was located in Salt Lake City, Utah. From in or about June 2004 to in or about August 2004, GM sold unauthorized Prime policies via Aconorate; soon thereafter, Prime demanded that GM stop selling Prime policies, and GM informed CC-1 and Defendant GRUBB that all Prime policies were switched to Universal Pacific.

(ii). Universal Pacific Insurance Co., Ltd. ("UPIC") was a purported insurance carrier located in Belize City, Belize. UPIC was not authorized to sell insurance policies in any state in the United States. From in or about August 2004, GM sold false and fraudulent UPIC policies via Aconorate; in or about January 2005, GM informed CC-1 and Defendant GRUBB that all future policies issued by GM would be on behalf of United.

(iii). United Assurance Company ("United") was a purported insurance carrier headquartered in St. George, Grenada, with an administrative office in Los Angeles, California, and an address in Malibu, California; the Malibu address was a private residence that was owned by an individual with the initials MT, who had no association to or affiliation with United. United was not authorized to sell insurance policies in any state in the United States. From in or about January 2005 until in or about November 2005, GM sold false and

fraudulent United policies via Aconorate.

2. From in or about June 2004 until in or about July 2006, in Atlantic County, in the District of New Jersey and elsewhere, Defendant

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did knowingly and intentionally conspire and agree with CC-1, CC-2, and others to devise a scheme and artifice to defraud and to obtain money and property, by means of materially false and fraudulent pretenses, representations and promises, as set forth in sum and in substance below, and for the purpose of executing said scheme and artifice to defraud, to knowingly: (a) place and cause to be placed in a post office and authorized depository of mail, and cause to be delivered thereon, certain mail matter, to be sent and delivered by the United States Postal Service, and by any private and commercial interstate carrier; and (b) transmit and cause to be transmitted by means of wire, radio, and television communications in interstate commerce, writings, signs signals, pictures and sounds, contrary to Title 18, United States Code, Sections 1341 and 1343.

3. It was the object of the conspiracy for Defendant GRUBB, CC-1, and CC-2 to personally profit by selling the Insureds false and fraudulent insurance policies knowing that such policies were false and fraudulent, and not written, endorsed or backed by a legitimate insurance carrier, and by

collecting premiums as payment for such false and fraudulent policies, including premiums substantially in excess of the premiums quoted by GM.

4. It was part of the conspiracy that CC-1 and Defendant GRUBB prepared a Commercial Insurance Application for insurance coverage, signed by the applicant, and faxed this document to GM. After GM received the application, GM provided to Aconorate a purported insurance quote, in the form of a one page document listing the Insured, the purported insurance carrier (Prime, UPIC or United), the purported coverage, total cost of the policy and down payment amount (i.e. "quote sheet").

5. It was further part of the conspiracy that CC-1 and Defendant GRUBB, after receiving a quote sheet from GM, created and sent to the Insured a Proposal. The Proposal outlined the elements of the purported coverage, including but not limited to the name of the purported insurance carrier as well as the total cost of the policy and payment breakdown.

6. It was further part of the conspiracy that CC-1 and Defendant GRUBB falsely and fraudulently misrepresented to the Insured the cost of the purported insurance policy, sometimes inflating the quote provided by GM by as much as 700-800%.

7. It was further part of the conspiracy that, during the course of the conspiracy, CC-1 and Defendant GRUBB collected approximately \$1,075,191 in insurance premiums from the Insureds,

and issued payments to GM, including checks sent by fax and United States mail, totaling approximately \$477,398, thereby keeping approximately \$597,793 for themselves.

8. It was further part of the conspiracy that, in order to conceal their unlawful conduct, CC-1 and Defendant GRUBB provided the Insureds only with an Insurance Binder and a Certificate of Liability Insurance, including documents sent by fax and United States mail, that outlined the effective dates of the policy, the name of the insurance carrier, and the coverages, and did not provide the Insureds with an actual copy of an insurance policy from the purported insurance carrier.

9. It was further part of the conspiracy that when an Insured requested a written policy, CC-2, at the request and direction of CC-1 and Defendant GRUBB, created false and fraudulent documents and provided the Insureds with these false and fraudulent documents, including documents provided by fax and United States mail.

(i). In the case of UPIC policies, CC-2, at the request and direction of CC-1 and Defendant GRUBB, manipulated the cost on the declaration page of the policies provided by GM to match what the Insured was charged.

(ii). In the case of United policies, CC-2, at the request and direction of CC-1 and Defendant GRUBB, created entire United policies, from scratch, because they were not provided

United policies by GM.

10. It was further part of the conspiracy that on or about September 6, 2005, CC-1 opened a bank account at Sun National Bank, in the name of MIS Insurance Group, which was used to perform tasks ordinarily performed by an insurance carrier, including collecting deductibles, paying attorney's fees, and paying claims associated with the false and fraudulent Prime, UPIC and United policies originating from GM.

11. It was further part of the conspiracy that, after November 2, 2005, Defendant GRUBB and CC-1 remitted no further premium payments to GM.

12. It was further part of the conspiracy that in or about November 2005, CC-1 and Defendant GRUBB met with CC-2 to discuss how to create the appearance that United was a legitimate carrier so that CC-1 and Defendant GRUBB might be able to settle existing United claims and retain the premium payments. At the request and direction of CC-1 and Defendant GRUBB, CC-2 performed the following actions:

a. On or about November 26, 2005, CC-2 created a website with the domain name of "unitedassurancecompanyltd.;" the website account was set up using the name RR, and the same Malibu, California address that had been used by GM on false and fraudulent insurance policies GM issued on behalf of United.

b. On or about November 29, 2005, CC-2 opened a mail

box at Mail Service Center in Los Angeles, CA, in the name of United Assurance Company, Ltd, using RR's name, RR's Malibu CA address and a false passport photo of RR.

c. On or about November 29, 2005, CC-2 set up a toll free telephone number, through a company called Answerfirst Communications, Inc., in RR's name for United Assurance Company, Ltd., with the Los Angeles California mail box address as the billing address and the Malibu California address as the business address.

d. On or about February 10, 2006, CC-2 incorporated United Assurance Company, LTD. in Nevada, through a website called "nevada123.com." The incorporation service set up a bank account in the name of United Assurance Company, Ltd., at Bank of America, on or about April 21, 2006, using the following information provided by CC-2: RR's name and photograph, and the same Los Angeles California mail box address.

13. It was further part of the conspiracy that, in or about November 2005, CC-2, at the request and direction of CC-1 and Defendant GRUBB, created false and fraudulent UPIC and United policies to issue to Insureds who requested copies of their policies.

14. It was further part of the conspiracy that the false and fraudulent policies listed MIS Claims services in Haddonfield, New Jersey, as the location to contact in order to



file an insurance claim for the newly-created United policies; in reality, this address corresponded to a UPS mail box controlled by Defendant GRUBB. CC-1 and Defendant GRUBB hand-delivered or sent, via U.S. mail, these newly-created policies to Insureds upon request.

In violation of Title 18, United States Code, Section 1349.

COUNT TWO  
(Obstruction of Justice)

1. Paragraphs 1 and 3 through 17 of Count One are realleged and incorporated herein.

2. In or about August 2006, agents from the Federal Bureau of Investigation ("FBI"), after opening an investigation into the sale of false and fraudulent insurance policies by GM, contacted businesses that were insured by Prime, UPIC and United. Many of these Insureds informed the FBI agents that they never received an insurance policy from Prime, UPIC or United. Several Insureds, upon being interviewed by the FBI, contacted CC-1 and Defendant GRUBB and stated that they had been interviewed by the FBI and needed copies of their insurance policies to provide to the FBI.

3. From in or about August 2006 to in or about March 2008, in Atlantic County, in the District of New Jersey and elsewhere, defendant

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along with CC-1, CC-2, and others, did knowingly and corruptly persuade another person, namely certain Insureds, and attempt to do so, and engage in misleading conduct toward those Insureds, with the intent to hinder, delay, and prevent the communication to a law enforcement officer of the United States, namely Special Agents with the Federal Bureau of Investigation, information relating to the commission and possible commission of federal

offenses, namely mail and wire fraud, and conspiracy to commit those crimes, as set forth in sum and in substance below.

4. The object of the scheme to obstruct justice was for Defendant GRUBB, CC-1, and CC-2 to create false and fictitious insurance documents to provide to certain Insureds, and to induce those Insureds to provide those false and fictitious documents to the FBI, in an effort to hinder, delay, and prevent the Insureds from providing truthful information to the FBI.

5. It was part of the scheme to obstruct justice that CC-1 and Defendant GRUBB, along with CC-2, created false and fraudulent documents at both the Aconorate office and at a local Ramada Inn, to provide to both the Insureds and the FBI.

6. It was further part of the scheme to obstruct justice that CC-1 and Defendant GRUBB provided copies of false and fraudulent documents created by CC-1, CC-2 and Defendant GRUBB, including but not limited to false and fraudulent UPIC and United policies, to Insureds, knowing that such documents would be provided to the FBI.

7. It was further part of the scheme to obstruct justice that, on or about March 3, 2008, Defendant GRUBB gave an insured \$25,000 in cash in an attempt to induce that Insured to provide false documents to the FBI.

All in violation of Title 18, United States Code, Section 1512(b)(3) and Title 18, United States Code, Section 2.

COUNT THREE  
(Obstruction of Justice)

1. Paragraphs 1 and 3 through 17 of Count One, and paragraphs 2 and 4 through 7 of Count Two, are realleged and incorporated herein.

2. On or about June 26, 2007, agents from the FBI served a Federal Grand Jury Subpoena on "John Petrillo, Aconorate Insurance Agency, Inc., . . . Hammonton, NJ," for: "Any and all records and documents in your care, custody and/or control relating to any insurance policy information in the name of any of the entities and individuals listed on the attached Schedule A," which listed the names of numerous Insureds.

3. From on or about June 26, 2007, to in or about November, 2007, in Atlantic County, in the District of New Jersey and elsewhere, defendant

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along with CC-1 and CC-2, did corruptly obstruct, influence, and impede an official proceeding, namely a federal grand jury investigation, as set forth in sum and in substance below.

4. The object of the scheme to obstruct justice was for Defendant GRUBB, CC-1, and CC-2 to provide false and fictitious insurance documents that they had created in response to the June 26, 2007, federal grand jury subpoena, in order to corruptly obstruct, influence, and impede the grand jury's investigation.

5. It was part of the scheme to obstruct justice that CC-1

and Defendant GRUBB provided copies of false and fraudulent documents created by CC-1, CC-2 and Defendant GRUBB, including but not limited to false and fraudulent UPIC and United policies, in response to the June 26, 2007 Grand Jury Subpoena.


6. It was further part of the scheme to obstruct justice, that, between in or about August, 2007, and in or about November, 2007, in response to the June 26, 2007 Grand Jury Subpoena, CC-1 provided a series of DVDs containing false and fictitious insurance documents that Defendant GRUBB, CC-1, and CC-2 had created.

All in violation of Title 18, United States Code, Section 1512(c)(2) and Title 18, United States Code, Section 2.

A TRUE BILL

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FOREPERSON

  
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PAUL J. FISHMAN  
UNITED STATES ATTORNEY